

Message Text

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TO ALL DIPLOMATIC POSTS

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E.O. 11652: N/A

TAGS: EGEN, UN, UNCTAD

SUBJECT: THE NON-ALIGNED DECLARATION -ECONOMIC ISSUES

REF: A-2075 OF JUNE 6, 1978

1. NOTWITHSTANDING ITS IMPRESSIVE LENGTH OF 37 PAGES, THE ECONOMIC PORTION OF THE DECLARATION ADOPTED BY THE NON-ALIGNED FOREIGN MINISTERS AT BELGRADE CONTAINS FEW NEW IDEAS. THE DOCUMENT IS A CATALOGUE OF G-77 PROGRAMS OVER THE LAST SEVERAL YEARS, CALLING FOR SWEEPING CHANGES IN POLICIES ON TRADE, INDUSTRIALIZATION, TRANSFER OF TECHNOLOGY, COMMODITIES AND LDC DEBT.

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2. IN SUM, THE BELGRADE DECLARATION CATALOGUES LDC DIS-QUIET AT THE UNEVEN PROGRESS OF THE NORTH/SOUTH DIALOGUE. IT CALLS UPON THE INDUSTRIALIZED COUNTRIES FOR FAR-REACHING DECISIONS IN THE ECONOMIC SPHERE AND URGES DEVELOPING COUNTRIES TO MAINTAIN THEIR COMMON FRONT, WHICH IS SEEN AS THE LDC'S MAIN STRENGTH IN NEGOTIATIONS WITH THE INDUSTRIALIZED COUNTRIES. HOWEVER, THE RHETORIC IS LOW-KEY AND

THERE IS NO CALL FOR A RETURN TO THE CONFRONTATIONAL TACTICS THAT CHARACTERIZED NAM POSITION PRIOR TO THE 1976 COLOMBO SUMMIT.

3. FAVORABLE MENTIONS OF THE INDUSTRIALIZED COUNTRIES ARE FEW. THE DECLARATION EXPRESSES GRAVE CONCERN THAT THE DEVELOPING COUNTRIES MAY EMERGE "WITH A NEGATIVE BALANCE" FROM THE MTN, BUT NOTES THAT THE LEADERS OF THE INDUSTRIALIZED COUNTRIES SAID AT BONN THAT THEY LOOKED FORWARD TO WORKING MORE CLOSELY IN THE MTN WITH DEVELOPING COUNTRIES. ON THE SUBJECT OF INDEBTEDNESS, IT ENDORSES THE CONSENSUS OF THE MARCH 1978 TDB. ALTHOUGH STATING THAT THE DEVELOPED COUNTRIES AS A WHOLE HAVE NOT IMPLEMENTED THEIR OBLIGATIONS UNDER THIS CONSENSUS, THE DECLARATION APPLAUDS THE BILATERAL ACTIONS OF SOME DC'S ON DEBT ALLEVIATION AND EXPRESSES THE HOPE THAT OTHERS WILL FOLLOW SUIT. ON THE ISSUE OF FOOD, THE MINISTERS WELCOME THE COMMENCEMENT OF IFAD LENDING. THE LANGUAGE ON THE BASIC HUMAN NEEDS CONCEPT IS LESS HARSH AND UNCOMPROMISING THAN THAT USED IN THE MAY HAVANA COMMUNIQUE, AND PROBABLY INDICATES A NON-ALIGNED DESIRE TO DE-EMPHASIZE THE ISSUE; US REPRESENTATIONS IN SEVERAL NON-ALIGNED CAPITALS AFTER THE HAVANA MEETING MAY HAVE CONTRIBUTED TO THIS OUTCOME.

4. ELSEWHERE, THE DECLARATION EMPHASIZED THE NON-ALIGNED LIMITED OFFICIAL USE

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VIEWS THAT THE DEVELOPED COUNTRIES LACK THE POLITICAL WILL TO BRING ABOUT GLOBAL ECONOMIC CHANGES NEEDED TO IMPROVE THE LOT OF THE LDC'S AND REAFFIRMS STANDARD G-77 NEGOTIATING POSITIONS. ON THE COMMITTEE OF THE WHOLE (COW), FOR EXAMPLE, THE MINISTERS EXPRESS DISAPPOINTMENT AT THE LACK OF CONCRETE RESULTS FROM THE FIRST MEETING. THEY BLAME THE FAILURE ON THE DEVELOPED COUNTRIES AND EXPRESS THE HOPE (WHICH WE HAVE ALREADY REJECTED) THAT IN THE FUTURE THE COMMITTEE COULD NEGOTIATE SUBSTANTIVE POLITICAL COMMITMENTS RATHER THAN SIMPLY EXCHANGE VIEWS. THE DECLARATION CALLS ON ALL MEMBERS OF THE COW TO SEND POLICY-LEVEL REPRESENTATIVES TO THE NEXT SESSION IN SEPTEMBER.

5. ON COMMODITY ISSUES, THE DECLARATION CALLS FOR THE EARLY ESTABLISHMENT OF A STRONG AND EFFECTIVE COMMON FUND. IT BLAMES THE STALEMATE IN THE COMMON FUND NEGOTIATIONS ON THE INDUSTRIALIZED COUNTRIES AND URGES THEM TO COME FORWARD WITH MODIFIED POSITIONS BY NOVEMBER 1978. THE INDUSTRIALIZED COUNTRIES ARE ALSO URGED TO WORK TOWARD AGREEMENT ON INDIVIDUAL COMMODITY AGREEMENTS.

6. CONCERNING THE 1980 SPECIAL SESSION OF THE GENERAL ASSEMBLY AND THE INTERNATIONAL DEVELOPMENT STRATEGY (IDS) FOR THE THIRD DEVELOPMENT DECADE, THE MINISTERS CALL FOR ADEQUATE PREPARATION AT A HIGH POLITICAL LEVEL TO ASSURE MEANINGFUL DISCUSSIONS AND PROPOSALS. THEY ENVISAGE A PROGRAM OF INDUSTRIAL DEVELOPMENT IN DEVELOPING COUNTRIES, ACCOMPANIED BY A GRADUAL TRANSFER OF LOW-TECHNOLOGY INDUSTRY FROM THE DEVELOPED COUNTRIES. SUCH A "REDEPLOYMENT OF INDUSTRY," THEY BELIEVE, SHOULD BE A MAJOR ASPECT OF THE NEW IDS.

7. WHILE THERE ARE NO MAJOR NEW INITIATIVES IN THE DECLARATION, THERE ARE SEVERAL INTERESTING STATEMENTS WITH IMPLICATIONS FOR THE FUTURE. ONE POINTS OUT THAT LIMITED OFFICIAL USE

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THE DEVELOPED SOCIALIST STATES' ODA HAS FALLEN CONSISTENTLY OVER THE PAST THREE YEARS AND IS NOW LESS THAN 0.1 PERCENT OF THEIR COMBINED GNP. THIS IS THE FIRST SUCH EXPLICIT CRITICISM OF THE USSR'S AID EFFORT. THE NAM ALSO CRITICIZES THE OECD COUNTRIES, POINTING OUT THAT THEIR ODA, NOW 0.31 PERCENT OF GNP, IS ALSO INCREASINGLY FALLING SHORT OF THE 0.7 PERCENT TARGET. OPEC AID FLOWS, AT ABOUT 6 PERCENT OF GNP, ARE LAUDED.

8. THERE IS ALSO A CALL FOR THE NON-ALIGNED COUNTRIES TO DEVOTE MORE ATTENTION TO RENEWABLE ENERGY RESOURCES AND THEIR APPLICATIONS. THIS MAY STIMULATE CONCRETE PROPOSALS FOR INCREASED ENERGY RESEARCH BY THE UN AND ITS SPECIALIZED AGENCIES, AS WELL AS UNDER LDC AUSPICES.

9. AS USUAL, THE DECLARATION SKIRTS THE POLITICALLY SENSITIVE ISSUE OF OIL PRICES AND THE RELATION OF PRICING TO THE DEVELOPMENT PROCESS. THERE IS A WARNING TO THENON-ALIGNED TO RESIST OUTSIDE PRESSURES TO SPLIT THE NON-ALIGNED, I.E., TO SET THE NON-OIL PRODUCING LDCS AGAINST OPEC.

10. THE DECLARATION DISCUSSES AT LENGTH EFFORTS OF THE NON-ALIGNED MOVEMENT (NAM) TO GAIN A MORE DIRECT HANDLE ON INTERNATIONAL ECONOMIC ISSUES. THE LDCS' MAIN NEGOTIATING INSTRUMENT IN THE ECONOMIC SPHERE HAS BEEN THE G-77 (WHICH CONTAINS, IN ADDITION TO NAM MEMBERS, A NUMBER OF NON-MEMBER LDCS.), LEAVING THE NAM WITH ONLY AN ADVISORY FUNCTION. THE NAM HAS LONG SOUGHT A MORE EFFECTIVE ROLE, AND THE DECLARATION REITERATES THE NAM'S CLAIM TO A "PIVOTAL" PLACE IN THE LARGER GROUP. THE DECLARATION SEES THE NAM'S ROLE AS STRENGTHENING THE LDCS COMMON NEGOTIATING FRONT, AS WELL AS PROMOTING COOPERATION LIMITED OFFICIAL USE

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AMONG LDCS. THE RELATIONSHIP BETWEEN THESE TWO LOOSELY-
DEFINED AND AMORPHOUS GROUPS IS LEFT UNCLEAR. GENERALLY,
THE NAM CAN BE COUNTED UPON TO SUPPORT THE MOST RADICAL
VIEWS WITHIN THE G-77. IT REMAINS TO BE SEEN WHAT IMPACT
THE BELGRADE DECLARATION WILL HAVE ON G-77 POSITIONS ON
SPECIFIC ISSUES.

11. POSTS WISHING INFORMATION ON US POSITIONS MAY REFER
TO REFAIR. VANCE

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